

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 090597
ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 L-03 H-01 EB-08 AID-05
OMB-01 COME-00 TRSE-00 FRB-03 OPIC-03 SP-02 /043 R

EXIMBANK

DRAFTED BY EXIM: R J ALBRIGHT
-----220418Z 057983 /63
P 212334Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST PRIORITY

LIMITED OFFICIAL USE STATE 090597

E.O. 11652: N/A

TAGS: SW , EAID, RO

SUBJECT:EARTHQUAKE RECOVERY -- EXIMBANK ROLE

REFERENCE: BUCHAREST 2577

1. EXIMBANK ROLE IN FINANCING ROMANIAN NEEDS IN AFTERMATH
OF EARTHQUAKE WILL BE CONSISTENT WITH PREVIOUS PRACTICES
TOWARD OTHER COUNTRIES WHICH HAVE EXPERIENCED NATURAL
DISASTERS IN RECENT YEARS. THE BANK WILL GIVE PROMPT AND
SYMPATHIC CONSIDERATION TO REQUESTS FOR SUPPORT THROUGH ANY
OF ITS PROGRAMS, WHETHER TO REPLACE DAMAGED EQUIPMENT OR
FOR NEW PROJECTS. NORMAL TERMS AND CONDITIONS WILL APPLY
AND BANK WILL ACT SWIFTLY ON APPLICATIONS FOR ITS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 090597

ASSISTANCE.

2. AS EXPLAINED TO ROMANIAN AUTHORITIES DURING RECENT
EXIMBANK VISIT TO BUCHAREST, LATEST PROCEDURES OF EXIM
DIRECT CREDIT PROGRAM WILL FACILITATE AVAILABILITY OF
FINANCING FOR U.S. EXPORTS DURING THIS POST-EARTHQUAKE
PERIOD. FOR ALL BORROWERS GLOBALLY EXIM PARTICIPATION
IN FINANCING A TRANSACTION IS DESIGNED TO FILL THE GAP
BETWEEN THAT SHARE THE COMMERCIAL BANKS ARE PREPARED

TO TAKE AT THEIR OWN RISK AND AMOUNT OF CREDIT REQUIRED FOR THE TRANSACTION TO PROCEED. THUS, IF BANKS BECOME LESS WILLING THAN BEFORE THE EARTHQUAKE TO PARTICIPATE IN LOANS TO ROMANIA, EXIM SHARE COULD INCREASE. HOWEVER, EXIM DOES NOT REPEAT NOT EXPECT TO ASSUME TOTAL FINANCING PACKAGE FOR ROMANIAN CASES, SINCE COMMERCIAL BANKS CONTINUE TO INDICATE THEIR READINESS TO ASSUME AT THEIR OWN RISK SUBSTANTIAL SHARES OF EXPORT FINANCING TRANSACTIONS IN WHICH EXIM IS ALSO PARTICIPATING.

3. EXIM PROVIDES FOLLOWING CLARIFICATION OF CFF PROCEDURES IN RESPONSE TO ROMANIAN FOREIGN TRADE BANK (RFTB) INQUIRY DURING RECENT EXIM VISIT TO BUCHAREST. EXIM BOARD RECENTLY REAFFIRMED \$500 THOUSAND MAXIMUM CONTRACT VALUE PER TRANSACTION. EXIM RECOGNIZES THAT LIMIT OF \$1 MILLION MAXIMUM AGGREGATE CONTRACT VALUE USE PER BORROWER POSES DIFFICULTIES IN ROMANIA WHERE A FOREIGN TRADE ORGANIZATION (FTO) TRADITIONALLY SERVES AS THE PURCHASER/BORROWER FOR MANY END-USERS. ACCORDINGLY, IF THE END-USER, INSTEAD OF THE FTO, WERE TO ACT AS PRIMARY OBLIGOR ON LOANS MADE BY RFTB EACH BUYER OR PRIMARY OBLIGOR COULD OBTAIN UP TO \$1 MILLION OF CONTRACT VALUE SUPPORT UNDER THE CFF PROGRAM. EXIM RECOGNIZES THAT ROMANIA IS IN BEST POSITION TO DETERMINE WHETHER OR NOT UNDER THIS ALTERNATIVE PROCEDURE THERE IS AN APPROPRIATE ROLE FOR THE FTO, IN ORDER TO ADAPT TO ROMANIAN REGULATIONS (OR PERHAPS SOME ROMANIAN REGULATIONS COULD BE MODIFIED).

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 090597

4. DURING RECENT EXIM VISIT TO ROMANIA THE MANUFACTURERS HANOVER BRANCH IN BUCHAREST INQUIRED WHETHER IT WAS ELIGIBLE FOR AN EXIM CFF LINE IN ADDITION TO ANY EXIM LINE AVAILABLE TO RFTB. EXIM HAS ADVISED MH BRANCH THAT TECHNICALLY IT IS ELIGIBLE, BUT EXIM HAS REQUESTED FURTHER INFORMATION FROM THE BRANCH BEFORE IT COULD CONSIDER AN APPLICATION AND THE BRANCH HAS NOT YET INDICATED WHETHER IT INTENDS TO APPLY.

5. EMBASSY IS AUTHORIZED TO USE FOREGOING WITH APPROPRIATE ROMANIAN OFFICIALS WHO MAY BE INTERESTED IN EXIM APPROACH TO EXPORT CREDIT SUPPORT IN POST-EARTHQUAKE PERIOD.

VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISASTER RELIEF, FOREIGN ASSISTANCE, NATURAL DISASTERS, BANK LOANS, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE090597
Document Source: CORE
Document Unique ID: 00
Drafter: R J ALBRIGHT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770139-1000
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770432/aaaabbac.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 603c30a1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BUCHAREST 2577
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2732545
Secure: OPEN
Status: NATIVE
Subject: EARTHQUAKE RECOVERY -- EXIMBANK ROLE
TAGS: EAID, SWEL, SW, RO, US
To: BUCHAREST
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/603c30a1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009